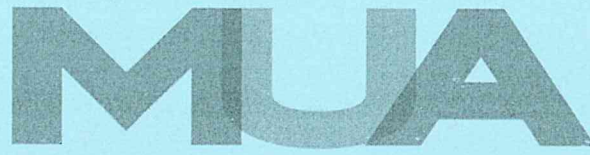


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/ BACHELOR  
OF COMMERCE**

**PSM 201/BCM 216:**

**PURCHASING AND SUPPLIES MANAGEMENT**

**DATE:**

**8<sup>TH</sup> AUGUST 2016**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.



**QUESTION ONE:**

**Read the Case Study below carefully and answer the questions that follow:**

Syngenta uses market research techniques with growers and farmers to find out about the problems they are facing and the types of solutions they are looking for. One of the challenges facing Syngenta is the growing demand for new crop protection products to increase yields.

Syngenta takes a long term view of the challenges it faces. It has to predict what farmers and agricultural businesses will need in 10 years time and beyond. This involves predicting changes in environmental conditions, e.g. hotter, wetter climates or more widespread droughts. In addition, there is increasing customer demand. Syngenta's research centers use an ongoing cycle of testing new chemicals on soils and plants in conditions that reflect particular countries or climate zones. New products emerge from a combination of market-orientated and product-orientated innovation.

Syngenta seeks to provide a stream of new products based on emerging technologies. These provide innovation in crop protection as well as new varieties of crops. At the same time, existing varieties of established crops need to be protected from disease and pests. Syngenta has therefore created treatments to protect the crops, as well as developing new varieties of seeds that have in-built resistance.

Syngenta's research and development process follows specific stages. In some industries, product testing occurs only at the end of the process before launch. With Syngenta products, testing (screening) happens at every stage of the process.

It is necessary to evaluate the potential of every chemical in this long and expensive development process. It takes Syngenta scientists up to 10 years to develop a new crop protection product. The company typically spends around \$200 million (£120 million) on developing a new product.



**Required.**

- a) Define New product development and the role of Purchasing in the process. (10 marks)
- b) Discuss the steps involved in new product development (15 marks)

**QUESTION TWO**

- a) Define strategic a Tactical purchasing and operational purchasing (5 marks)
- b) Most purchasing departments aspire to be "strategic." They seek to minimize their tactical tasks and spend more time on strategic ones. Clearly explain 10 characteristics of strategic purchasing function (10 marks)

**QUESTION THREE**

- a) Define inventory and inventory system in Purchasing and supply Chain Management? (5 marks)
- b) What are the purposes of inventory in a purchasing environment (10 marks)

**QUESTION FOUR**

- a) What are redundant stocks? (5 marks)
- b) As a Procurement professional, discuss measures that can be used to deal with redundant stocks in organizations. (10marks)

**QUESTION FIVE**

- (A) Define the term outsourcing (5 marks)
- (B) Discuss the reasons for outsourcing organization noncore functions (10 marks)

**QUESTION SIX**

(A) Define incoterms as used in international trade **(5 marks)**

(B) Discuss reasons which make organisations purchase materials from international buying **(10 marks)**